



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 18, 2005

A bill to repeal the increased micropurchase threshold

*As ordered reported by the Senate Committee on Homeland Security
and Governmental Affairs on October 7, 2005*

CBO estimates that enacting the legislation would not have a significant impact on the federal budget. Enacting the bill would not affect direct spending or revenues. The legislation contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The bill would amend federal law to repeal the \$250,000 spending limit on small purchases related to emergency relief efforts for Hurricane Katrina. Such “micropurchases” are typically made using government issued credit cards, are not subject to general federal competitive procurement requirements, and are used for the everyday needs of an agency. Public Law 109-62, enacted in early September, raised the limit on micropurchase spending from \$2,500 to \$250,000 for relief efforts related to Hurricane Katrina. (In October, the Office of Management and Budget instructed agencies to use existing special emergency procurement authority and lowered the threshold of \$250,000 to \$15,000 for such purchasing, except for exceptional circumstances.)

By repealing the \$250,000 limit, this bill would reinstate the previous limit on micropurchases. CBO expects that this change would not significantly affect the cost of federal purchases made for the hurricane recovery effort.

The CBO staff contact for this estimate is Matthew Pickford. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.